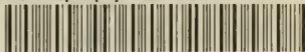


S
351.0035
G1smr
1973

MONTANA STATE LIBRARY
1515 E. 6th AVE.
HELENA, MONTANA 59620

MONTANA STATE LIBRARY
S 351.0035 G1smr 1973 c.1 Judge
Six month report [of] the administration



3 0864 00063839 8



SIX MONTH

REPORT

STATE DOCUMENTS COLLECTION

JUN 9 1989

MONTANA STATE LIBRARY,
1515 E. 6th AVE.
HELENA, MONTANA 59620

The Administration of

Governor

Thomas L. Judge

JANUARY 1 – JUNE 30, 1973

PLEASE RETURN

Thomas L. Judge

Governor of Montana

SI.0035

1smr

1973

MONTANA STATE LIBRARY
1515 E. 6th AVE.
HELENA, MONTANA 59620

MONTANA STATE LIBRARY
S 351.0035 G1smr 1973 c.1 Judge
Six month report [of] the administration



3 0864 00063839 8



SIX MONTH REPORT

STATE DOCUMENTS COLLECTION

JUN 9 1989

MONTANA STATE LIBRARY,
1515 E. 6th AVE.
HELENA, MONTANA 59620

The Administration of

Governor

Thomas L. Judge

JANUARY 1 – JUNE 30, 1973

PLEASE RETURN

Thomas L. Judge

Governor of Montana

INTRODUCTION

This report details the activities of the Administration of Governor Thomas L. Judge and the departments of the executive branch of state government for the first six months of 1973.

Governor Judge proposed 24 specific programs and policies in the State of the State Message he delivered to the 43rd Legislative Assembly. The Senators and Representatives approved all of these recommendations with the exception of one which is being held over for consideration by the next session.

The primary emphasis of this report is to demonstrate the progress that has been made in implementing the Governor's legislative program. Although much of the enabling legislation did not become effective until July 1, this report shows that the executive departments have made significant progress in implementing the programs proposed by the administration and approved by the legislature.

This report is a composite picture of an administration that is taking positive action to solve the problems and realize the possibilities of Montana.

AGRICULTURE

—The Department of Agriculture has developed a transportation program which is now in the process of implementation. This program will provide expertise for agricultural shippers as well as others having interests in transportation. The objective of this program is to develop methods and promote rate structures that will enable Montana farmers and ranchers to transport their products to domestic and foreign markets at a competitive price.

—As a result of wheat growers concern for more market price information, the Department of Agriculture, through the Wheat Committee, conducted a pilot code-a-phone service which provided interior grain prices to producers. The usefulness of this service has been confirmed and it will be operated on a continuing basis.

—Montana, through the Pacific Northwest International Trade Council, participated in the Tokyo Food Fair held in April. As a result the Pacific Northwest International Trade Council has implemented a market research project relating to member states (Montana, Idaho, Washington, Oregon) products demand in Asia.

—The Department of Agriculture has implemented a program which provides direct loans to farm youth for the purchase of livestock. Such low interest loans assist in establishing a viable enterprise thus providing an opportunity to remain in rural areas.

—In the near future, the Department of Agriculture will implement an Insured Student Loan Program for rural youth. The program will provide educational opportunities to our young people and have a positive impact on their welfare.

—The Department of Agriculture is also considering several grant requests from farm youth organizations to assist in establishing programs and projects for the benefit of youth from low income rural families. These are mostly recreational type projects that will also benefit local communities.

—The legislative amendment to the 1971 Pesticides Act providing for closer control of the marketing of pesticides is now implemented. This is especially important in the area of

controlling improper product marketing. Together with applicator control, education and a new mass media communication program to discuss pesticides and their relationship to agriculture, health and the environment, the risk of damage from pesticides is minimized.

—Governor Judge has opposed any embargo on agricultural products. Montana, through our Congressional delegation, will continue to oppose the placing of an embargo on agricultural products especially wheat.

—Governor Judge, by Executive Order, has created an Emergency Action Committee to investigate and propose solutions to Montana's saline seep problem. Governor Judge was instrumental in setting up a Saline Seep Conference in Bismarek, North Dakota in conjunction with the Old West Regional Commission and has requested the Secretary of Agriculture to release impounded funds for saline seep research.

—Montana has qualified as a U. S. Department of Agriculture "Certified Bovine and Porcine Brucellosis—Free State", as a result of the work of the Animal Health Division of the Department of Livestock.

—The Department of Livestock has made a complete review of the Predator Control Program carried out in conjunction with the U. S. Bureau of Fish and Wildlife Commission and various counties. The Department will make a continuing effort to increase protection to the livestock industry through funds made available by the last legislature for predator control.

—The program of predator control has been as successful as possible with the use of all means of control other than of toxic poisons. The increased use of airplanes, with Governor Judge's approval for financing, has helped the program immensely.

—The Department of Livestock has hired three trained men in the predator and rabies program.

—The Environmental Protection Agency has allowed the Department of Livestock to use strychnine eggs for the control of rabid skunks in seven Northeast Montana counties. The use of strychnine eggs has greatly increased the effectiveness of this operation and protection to human health and livestock.

—The Department of Livestock has cooperated with the Highway Patrol stopping trucks to verify livestock has been inspected.

—Governor Judge dispatched letters to state and federal agencies and the Burlington Northern Railroad recommending actions to ease the effect of the drought conditions in western and northcentral Montana. The recommendations included:

—That the A.S.C.S. and Cooperative Extension Service inventory Montana hay supplies and provide the information for dissemination through the County A.S.C.S. office and County Agents office in drought counties.

—That the Montana Railroad Association devise a special rate on hay and feed grains for shipment into U.S.D.A. disaster counties between August, 1973 and May 1, 1974.

—That the U. S. Forest Service grant an extension to farmers and ranchers in Western Montana who have U. S. Forest Service grazing permits and are being asked to take their cattle off the forests by August 1 or August 15, 1973.

—That the Internal Revenue Service issue a news release to Montana farmers and ranchers concerning their status in regard to income tax if they are forced to liquidate brood stock due to drought and how soon they are required to reinvest the income in replacement stock.

APPOINTMENTS

—The Judge Administration has placed a high premium on professional performance in state government.

—The administration has retained and attracted very qualified and competent people in important positions.

—Administrators and staff employees who had demonstrated ability in the previous administration were retained. And other positions were filled with the best qualified applicants.

—The patronage system in state government has been replaced by personnel policies that emphasize professional competence and performance.

—State government has a tremendous range of functions and it is the policy of the Judge administration to employ people who can best meet these serious responsibilities.

—Montanans are given first priority for positions with state government. In several instances, however, it has been necessary to employ out of state people when the experience and training required for a specific position could not be found among the Montana applicants.

ECONOMIC DEVELOPMENT

—The Legislature passed, at the recommendation of the Governor, several very significant bills to control the development of the coal reserves in eastern Montana.

—Montana had three alternatives to consider in regard to coal development.

—We could have allowed the development to proceed without planning and control. This passive and potentially disastrous policy was completely unacceptable, however, to the great majority of the people of Montana.

—We could have imposed a moratorium on all future coal development in the state. But this would have cancelled all of the economic benefits that will accrue to our people if these resources are developed in well regulated and orderly manner.

—The third alternative, which is the policy of the administration, is to utilize the strongest laws and most effective administration, enforcement and planning to protect our resources without forfeiting the economic advantages attendant to this development.

—These laws were not written to unnecessarily restrict or stop coal development. They were written to allow the development to proceed rather than imposing a moratorium.

—**Port of Butte**—(As noted in another section of this report, the Port of Butte is now operational, handling import shipments from the Orient through Seattle. The growth potential of this facility is virtually unlimited and it will provide an increasing number of high-quality employment opportunities in the area for many years to come. It is also possible that the increased commercial activity

generated by the Port of Butte will significantly improve the availability and rate structures of rail transportation for export of Montana products.

—The administration recommended and secured approval of a proposal to increase the budget of the Planning and Economic Development Division of the Department of Intergovernmental Relations by 55 per cent.

—Appointed Frank McChesney, a highly qualified and extensively experienced planning and developmental specialist, as the Director of the Department of Intergovernmental Relations. Mr. McChesney has directed a number of successful planning and development programs in the Northwest. This experience will be applicable to specific problems in this state.

—Increased the budget of the Advertising Unit of the Department of Highways to promote tourism, which is now the third largest industry in the Montana economy. Created a new bureau intended to attract regional and national conventions and tours to Montana. A full time travel writer and publicity department has been established to promote Montana scenic, recreational and outdoor attractions. Last year, visitors who came to Montana as a result of state advertising campaigns contributed \$71 million to our economy, including \$550,000 in gasoline taxes alone. Changed the emphasis of our advertising to attract people for a longer period of time and stress the year-round quality of our recreational facilities. Also have begun to involve private business more actively in promotional efforts.

—Governor Judge met with officials of Brand S Corporation who will make a major investment in sawmills in Livingston and Lewistown and will utilize the most modern harvesting and cutting practices.

Governor Judge has also been involved in discussion of Ski Yellowstone Inc., a major winter and summer recreation area ten miles from West Yellowstone.

—Eastern-Montana Forest Products Inc. has begun development of a new \$1 million sawmill in Ashland. In addition, the Louisiana-Pacific Corporation acquired four lumber mills and is in the process of making significant improvements.

—Many other economic development and expansion projects were initiated or completed during the period including the Gregson Hot Springs Recreational Complex, the Arbiter Smelter in Anaconda and hundreds of smaller business ventures.

Increased the Long Range Building Program to offset some of the adverse effects on the construction industry resulting from impoundment of federal highway funds.

—Governor Judge authorized the use of \$320,000 of Emergency Employment Act funds for an abbreviated summer youth employment program to fill the gap created when the Nixon Administration failed to fund the regular summer Neighborhood Youth Corps Program.

—On July 15, the state received \$1,153,000 to fund a Neighborhood Youth Corp Program for approximately 2,600 Montana young people as a result of a federal court decision directing the Nixon Administration to release previously impounded monies. As Governor Judge noted at the time, however, it was unfortunate that the release came so late in the summer.

—Governor Judge has met twice with executives of Hewlett and Packard, Inc. who are considering Bozeman as a site for an electronics plant.

—Judge appointed a committee to explore expanding trade opportunities with Japan.

—A trade mission to Japan is in the planning stage.

EDUCATION

—School Foundation Program—For the first time in the history of state government Governor Judge recommended an increased schedule for the Foundation Program and also provided funding for the increase within the existing tax structure. The rate of increase will be five per cent for each year of the biennium, or an estimated \$26 million in property tax relief for Montanans. Also passed a legislative package to equalize educational financing procedures that will result in property tax reductions for 8 out of 10 Montanans.

—Of all the proposals amended to the executive budget by Governor Judge, \$14.75 mil-

lion, or 92.8 per cent, was designated for educational purposes. During the last biennium, 50 per cent of the general fund expenditures went to education. During the current biennium, 58 per cent of the expenditures from the general fund will go to education. And this is the highest percentage of general fund support for education in the recent history of this state.

—Kindergartens—Funds were appropriated by the 43rd Legislative Assembly to establish a state kindergarten program. An estimated 12,000 five year old children will benefit from this program.

—Blue Ribbon Commission on Postsecondary Education will conduct a thorough study of Montana's university units, vo-tech schools, and community colleges to determine Montana's priorities and establish the level at which Montana can support postsecondary schools and still maintain quality education. The 30 members and staff director have been appointed and the commission has begun to evaluate higher education and develop recommendations for necessary changes.

—The Federation of Rocky Mountain States, of which Montana is a member, has received an \$8 million grant to launch a satellite next April to deliver educational TV to rural areas of Montana.

—The general fund appropriation for the University System was increased 5.86 per cent for the fiscal year.

—The general fund appropriation for the vocational technical schools received a 38 per cent increase for the fiscal year.

FEDERAL AND REGIONAL RELATIONS

—Funding of Old West Regional Commission for fiscal 74. Following repeated indications by the Nixon Administration that the Title V commissions would be eliminated, representatives of the regional commissions were successful in securing a minimum of \$20 million to fund the commissions for the fiscal year. Governor Judge testified before the House Public Works Committee in support of the Title V Commissions. The Commission is considering a number of projects including an international airport, a comprehensive coal

study, foreign trade zone, navigable canal on the Missouri, tourist promotion and freight rate and rail abandonment studies.

—Governor Judge and Congressional representatives from the Intermountain Area testified before U. S. Senate Subcommittee on Environment, Conservation, and Forestry concerning the planned relocation of the U. S. Forest Service Region I Office from Missoula to Denver. As a result, the move has been cancelled.

—Governor Judge testified before the Senate Committee on Interior and Insular Affairs concerning the regulation of surface mining. The Governor stressed the need for uniform federal reclamation standards. He reasserted, however, his belief that state laws must apply where they are superior to federal regulations. Certain sections of the Montana reclamation law, detailed by the Governor, are being considered as model provisions for federal and state standards.

—Governor Judge met in Washington with officials of the Economic Development Administration concerning the proposed move of the E.D.A. office from Butte to Denver. As a result, E.D.A. has announced the Butte office will continue to operate.

—Governor Judge also met in Washington with Department of Interior officials concerning the gasoline shortage in Montana.

—Governor Judge has expressed his disappointment with the Administration's so-called Better Communities Act of 1973 because it represents a drastic reduction in federal assistance to Montana. As presently proposed the so-called Better Communities Act provides neither sufficient money nor adequate citizen participation for its stated objectives—namely, better communities.

—In response to Governor Judge's request, the Department of Intergovernmental Relations A-95 Clearinghouse functions for all programs receiving federal financial support have been expanded to cover all state agencies even if such a function is not required under federal law. This action is aimed at reducing duplication and optimizing use of federal funds.

—Governor Judge recommended a budget increase for the Office of the Federal-State

Coordinator because of Montana's heavy dependence on federal financial support.

—According to the Congressional quarterly, Montana received \$195 per capita in Federal Government grants in 1970. Only three states and the District of Columbia received more assistance.

—Appointment of Dean Hart, a former member of Senator Mansfield's staff, as the Federal-State Coordinator.

—It is evident that without the assistance of the Office of the Federal-State Coordinator, working closely with members of Montana's Congressional delegation, we would not have received mitigation for game losses resulting from the construction of Libby Dam, or assurances for construction of the fish hatchery at the site, or assumption by the federal government of responsibility for compensation of workers, businesses and others affected by the termination of the ABM construction program, or the initiation of educational, industrial and other programs at Glasgow Air Force Base.

—Also, creation of the Old West Regional Commission would not have been possible without an active and viable Federal-State Coordinator's office.

—Montana received approximately \$18.5 million in federal revenue sharing funds for allocation in the biennium. \$5.9 million of that amount was allocated to the Long Range Building Program. The balance was allocated to the Department of Institutions.

—Governor Judge has met personally with White House officials with respect to federal programs of interest to Montana.

—Montana continued active participation in the Federation of Rocky Mountain States. The federation is working in many areas to enhance economic, environmental and social conditions in Montana and throughout the Intermountain Region. One federation program of particular interest to Montana is the proposal to utilize satellite photography and monitoring equipment to study the very serious problem of saline seep.

—The Federation's Market Development Council has projects in industrial development, banking, agribusiness and export development.

The Federation's export development bulletin and agribusiness newsletter are circulated throughout the Rocky Mountain Region.

—The Federation has been a major catalyst for land use planning in the Region. Special research projects have served to broaden the perspective on the purpose and methods of land use planning.

—The Federation recognized the critical need for a regional approach to the problems of energy and all related extractive resource developments. The Natural Resources Committee of the Federation is now studying the feasibility of Satellite Computer mapping in order to determine the location and extent of extractive resources as well as determine the environmental impact of the removal of these resources.

HEALTH

—A grant has been received from EPA for \$130,000 to do water pollution investigations in the Gallatin and Flathead River Drainages.

—Impact Statements were completed for the Colstrip Power Plant, Plum Creek Lumber Company Fiberboard Plant in Columbia Falls and the U. S. Plywood Mill, Bonner. Hearings were held for the Colstrip Plant, and permits were issued for Montana Power and Puget Sound Power Plant, Colstrip, and the Plum Creek Lumber Co., Columbia Falls.

—The Air Quality Bureau has been working closely with the Lt. Governor, other state officials and the management team of the Northern Great Plains Resource Study Group to integrate possible site evaluation studies for the proposed two 700 megawatt plants with the statewide study of the potential coal development area.

—Subdivision and trailer park statements were written for 16 developments in the following counties: Gallatin-7; Yellowstone-3; Missoula-2; Lewis and Clark-2; and Park and Carbon-1 each. Feedlot applications resulted in ten Impact Statements being written for locations in seven counties throughout the state.

—To assist in the reduction of drinking drivers the laboratory maintains quality control on the 14 Alco-Analyzer gas chromatographs

and their operators in police stations around the state. Blood-alcohol analysis is also done in the lab.

—The State Plan for Alcohol Abuse and Alcoholism Prevention, Treatment and Rehabilitation was submitted to Region VIII, DHEW. Comprehensive Health Planning Councils in the state will serve as the planning agencies and set priorities for alcoholism programs. The Montana Indian Commission on Alcohol and Drug Abuse is the planning-coordinating organization for Indian Alcoholism Programming. Approval of the plan will provide \$200,000 in alcoholism funds for the state.

—Intensive health screening for 1,811 children was provided through agreement between Medical Assistance of Social and Rehabilitation Services Department and the State Department of Health and Environmental Sciences. Over 1,595 of these children were referred for suspected problems in: Hearing, speech, language, dental, developmental, physical, vision, urine, blood pressure, hematocrit and immunizations.

—A Governor's Conference on Health Education was organized in cooperation with the Montana Health Association. Purpose of the Conference was to promote awareness of the need for community and school health education. The Conference was well attended and a second conference is planned for next year.

Comprehensive Health Planning

—The five areawide Comprehensive Health Planning programs broadened county organizations to improve facilities review, disseminate information, collect "baseline data," and generate input in a state plan for health. A complete facilities planning model has been drafted.

—Communities desiring physician, nursing, or allied health manpower are being given assistance with consultation on proven and potential recruitment strategies. Continuing activity is being directed to aid in the implementation of HJR 18, which provides "for a study of the feasibility of district health departments and minimum levels of public health services."

Health Services

—Governor Judge met with the President of the Anaconda Company, John Place, about reducing emissions from Anaconda and Columbia Falls plants and received assurance that the company would make a substantial investment in equipment and research.

—Equipment for transporting high risk newborn babies to the hospital has been ordered for Billings, Missoula, and Great Falls. This will allow rapid transportation of newborn infants in need of intensive care to one of the three centers.

—Joint planning was done with State Department of Public Instruction staff to promote and improve health education programs and strengthen school nursing in Montana schools. There is increased awareness in the need for school health education. More schools are expanding health education.

—Application for continuation of Montana Occupational Alcoholism Project was submitted to provide \$43,680 for a one-year period to assist state and local governments and private industry in recognizing the troubled employee, help him get help so that he does not become a liability to himself, his family, or his employer.

—An evaluation of relationship between alcoholism programs funded by the Department and their respective communities was completed.

INSTITUTIONS

—During the first six months of 1973 the institutions carried out their normal functions of providing care and treatment for approximately 2900 institutionalized persons.

—Much needed and long overdue salary increases for the lower paid employees in the institutions, proposed by the administration and supported by the legislature was a high point of the first six months of 1973. This action will enable the institutions to recruit and retain personnel and will reward those loyal and dedicated employees who have stayed in the system in spite of low salaries.

—The number one priority of the Board of Institutions' long range building program, con-

solidation of prison facilities will become a reality following legislative support of Governor Judge's allocation of \$3.8 million in revenue sharing funds for that purpose. Architects have been appointed and programming is underway.

—A feedlot operation has been started at Montana State Prison which will enable the prison ranch to meet the normal needs of the institutions for beef, something it has not been able to do in the past. Establishment of the feedlot has allowed the beef herd to be reduced nearer to the carrying capacity of the ranch putting over \$230,000 into the general fund.

—A Memorial Foundation has been established at the Montana Veterans Home which is set up to accept and handle donations to that institution made by members themselves, Veterans groups, or other individuals or groups. These funds will be used to improve the home in areas for which state funds are not available.

—The Montana Drug Program has been stabilized with the appointment of Michael Murray as Administrative Director, and clients are being well served.

—A \$100,000 grant of monies have been received from the Governor's Crime Control Commission to establish four District Youth Guidance Homes within the State of Montana. With these additional authorized Homes, we will have a total of nine District Youth Guidance Homes operational in the near future.

—The Community Services Division was formally established during this 6-month period. This Division will coordinate the community services offered by the State of Montana. It is the intent of this effort to provide unified community services to all areas of the community needs—Mental Health, Mental Retardation and Aftercare services. The objectives are to develop the unified and coordinated effort through concentrated program formulation, training, community, organization, and research and evaluation.

LABOR

—A highly qualified administrator, Larry Zanto, and attorney, Norman Grosfield, were appointed to head the Workmen's Compensation Division, to assure the highest level of

professional competence and integrity in the administration of this vital agency.

—Governor Judge ordered the Department of Administration to conduct an audit of the Workmen's Compensation Division. The new director has implemented many of the recommendations and corrected most of the deficiencies noted in the audit. The remaining recommendations will be implemented in the near future. As a result of the audit findings, the Governor requested a legislative audit of the claim processing procedures of the division. It was apparent to the Governor that there were serious deficiencies in the administration of the Workmen's Compensation laws, and the administration has moved positively to determine and eliminate problems.

—Effective July 1, almost all workers in the state will be covered on a compulsory basis by workmen's compensation insurance. Because of legislation passed by the 1973 Montana legislative assembly approximately 35,000 agricultural workers were added to the workmen's compensation rolls. The Workmen's Compensation Division has undertaken an extensive effort through the media, farm organizations, county ASCS and state extension service offices and direct mail to inform the agricultural community of the passage and implementation of this act.

—Permanent-partial disability, temporary-total disability, total permanent disability and medical and death benefits have been substantially upgraded and improved as to amount, dependency requirements, and duration of benefits.

—The second injury fund has been significantly improved to make possible the reemployment of many more previously injured workers in the state.

—The Workmen's Compensation Division's statistical unit received a \$23,000 grant to better inform employers of the Occupational Safety and Health Act's record-keeping requirements, recent changes in application of the law, effective use of state and federal forms to satisfy the requirements of the law and to conduct a statewide survey.

—The Employment Security Division has 1,647 new enrollees in manpower programs and has placed 1,240 former enrollees in jobs since

January, 1973. In addition, 30 workers were relocated to other jobs away from their home locales through the Labor Mobility Program. A total of 700 workers have been relocated to other jobs both in and outside of Montana since the cancellation of the ABM missile contract in June, 1972.

—An Employment Security Division audit of cancelled unemployment insurance checks show that more than 80 per cent are used to pay for goods and services including food, rent, utilities, and medical and dental bills—a substantial contribution to the State's economy.

LOCAL GOVERNMENT

—Planning and Economic Development—Drafting and subsequent passage of the new subdivision law. Regulations for the new Subdivision and Platting Act are currently being drafted as required by law. Intensive actions to inform both the public and planning officials about the requirements of this new law have been made through articles in the news media, newsletters and special mailings. In relationship to subdivision activity, a study was completed on the subdividing of land in Ravalli County. This study provided some concrete information as to how the land is sold and which people are buying in approximately what average size tracts.

—For fiscal 1974 approximately \$245,000, an increase of 22%, will go to 11 counties and communities for local planning. These funds are primarily for the support of local professional planning staffs. Complementing this activity is the spread of county-wide and area-wide planning organizations. Since the enabling legislation was passed in 1971, 19 planning organizations are now functioning, another 8 are in the resolution stage and another 10 counties are seriously considering forming planning organizations. Deer Lodge and Granite County are in the process of forming the first state inter-county planning district.

—State-Local Coordinator's Office of the Governor's Office, and the Department of Intergovernmental Relations have prepared a manual of Montana state and local government. This book contains data on federal, state and local government services and appropriate contacts (including phone numbers).

—Municipal Audit Division of I.G.R.—Is providing Montana's 75 incorporated towns a new accounting and reporting manual and system, including on-site training in the use of the system. This system will provide uniformity throughout the state and in a community to make possible meaningful comparisons of financial data from year to year and from one town to another. The system is currently operating in Plains, Hot Springs and Thompson Falls.

—Creation of a Local Government Advisory Council. Composed of local officials representing Montana's 12 multi-county districts, the council was created to advise state government about local government problems and to assist us in developing solutions. The Council has listed its priorities as: Financing Local Government; Statewide planning, including long range planning and districting; Structure of local government and the voter review process. The Local Government Advisory Council's concern for a study of local government structure and voter review will be partially met by a recently funded project which will allow the University of Montana's Bureau of Government Research to study local government structure and prepare a manual to assist local governments in establishing a review process. The Bureau will work with the State-Local Coordinator's Office in establishing local government participation in the project.

—The Congressional Record is reviewed for indications of new funding sources. Several are possible soon. The Older American Act has revealed at least one new program which Montana has not used—that of part time employment for those over 55 who are not likely to be employed through normal channels in their communities. This could provide as much as \$300,000 for Montana.

—The Board of Investments of the Department of Administration, effective July 1, will provide investment management service to local government.

—Recreation and Parks Division of Fish and Game is actively working with the Montana League of Cities and Towns to provide technical assistance to communities in setting up their own recreation programs.

—Established a State-Local Coordinator in the Governor's Office to handle relations between state agencies and units of local government.

—Department of Revenue—Personnel from the Property Valuation Division visited all county offices during May and June. During the coming year the State will be working closely with local officials to establish uniform tax appraisal and assessment techniques throughout the state. Once this program is complete, taxpayers in Montana will be assured of uniform treatment with respect to property appraisal and assessment, regardless of the county in which they reside.

—State Personnel Bureau conducted a management training seminar for members of the Fort Peck and Fort Belknap Tribal Councils and staffs.

—“Government to the People” Plans are now being developed for the Governor and his cabinet to travel throughout Montana this fall utilizing the multi-county districts in order to touch the largest number of rural Montanans. The primary purpose of this project is to expose the people of rural Montana, through public forums, to the Executive branch of state government and provide the general public the opportunity to make suggestions, voice criticisms and ask questions relating to any and all aspects of state government.

—A member of the Governor’s staff has been designated as Montana’s Citizen Advocate to answer any questions or complaints Montana citizens have about state government. The toll free telephone number is: 800-332-2272.

—The Department of Business Regulation and the Montana County Attorneys began administering Montana’s new Unfair Trade Practices and Consumer Protection Act on July 1. A new division has been established within the Department of Business Regulation to investigate consumer complaints against individuals or companies doing business in Montana.

MANAGEMENT

—Since the initiation of the Executive Reorganization Program, state government has increasingly emphasized effective management. We have eliminated wasteful practices and improved the operational efficiency of the executive branch. And the cumulative result has been more responsive state government and an end to the necessity to continually raise taxes.

—Executive Reorganization is a continuing process. During the last legislative session, the reorganization office proposed 24 substantive bills to improve the administrative structure of state government. Of these 24 bills, most of which abolished unnecessary boards and councils, 14 were approved by the legislature and signed by the Governor, 6 were held over for consideration by the next session and only 4 were rejected.

—Most significant among this legislation were bills abolishing the Liquor Control Board, reorganizing the Department of Revenue, and creating the State Tax Appeal Board.

Liquor Division

—Governor Judge proposed abolition of the Liquor Control Board and transfer of its functions to the Department of Revenue in the State of the State Address he delivered to the 43rd Legislative Assembly. This proposal was prompted by the recognition that professionalism and good business management practices were necessary to effectively operate the \$40 million Montana liquor monopoly. The state is in the liquor business to make a profit and during the next few months, the Department of Revenue will implement sound business practices to eliminate unnecessary costs and expenditures and receive a better return. Some progress has already been made toward this objective. Liquor hearings, previously held once a month, are on a weekly basis, with future plans calling for a biweekly schedule.

—Liquor Division officials have begun a planned series of visits to stores throughout the state. Market analysis techniques are being studied for potential application to marketing problems faced by the liquor monopoly. Also considerable internal study is being devoted to develop methods to achieve closer contact between the state stores and the Liquor Division.

—In the coming months organizational and operational changes will be made in response to studies presently being conducted and to implement plans being developed by division administrators.

—It is the intention of the Judge Administration to operate the liquor monopoly like a modern business rather than an archaic vestige of political patronage. This business is very im-

portant to Montana. Increased returns will definitely benefit the state's revenue position. And any additional funds raised by the liquor monopoly will assist in the fight to keep taxes down.

—Reorganization of the Department of Revenue and Creation of the State and Local Tax Appeal Boards—Governor Judge recommended and the last session approved legislation to provide the Department of Revenue be headed by the Director rather than the Board of Equalization. And also that the Board be constituted as the State Tax Appeal Agency. Both of these changes have been accomplished since passage of the legislation.

—The decision to replace a board with a single administrator in the Department of Revenue was based on a history of 50 years of ineffective management of the state's fiscal affairs. A single administrator is more responsible and accountable and less susceptible to partisan pressure than a board. The present director of the Department is not a political appointee. He was selected exclusively on the basis of professional experience and demonstrated capability.

—Of the states where boards had administered fiscal affairs, two-thirds have gone to the single administrator system. And no state that has made this change has ever returned to the board system.

—The Board of Equalization, in the past, formulated and administered the tax policies of this state. It also served as a tax appeal board. And there was a possible conflict of interest when the board sat in judgment of its own work. This problem has been eliminated by constituting the Board of Equalization as the State Tax Appeal Board. The entire appeal system has been made more immediate and responsive by establishing county boards to conduct hearings on appraisals, assessments and classifications. This new system was developed to assure equality and uniformity in the state's tax laws.

—Office of Government Operations—To continue the effective and essential work of executive reorganization, the Governor proposed creation of the Office of Government Operations. This agency, which was approved and funded by the legislature, will have the capability to detect functional deficiencies, evalu-

ate government organization and operation, assure that legislative intent is implemented and provide research and planning support for the executive branch. The federal government will contribute two-thirds of the funds required for the operation of the office, which the Governor and the legislature believed was necessary to honor the public mandate calling for continual improvement in the economy and efficiency of government.

—Department of Professional and Occupational Licensing—consolidated 26 separate and distinct licensing boards into a single department. The Department has centralized clerical and administrative duties, giving the boards more time to devote to their real function of leading and directing their professional or occupational group. Consolidation will also eliminate duplication and achieve economy through better utilization of personnel. Under the old system, employees were assigned to one board and were subject to fluctuations in work load. Now, employees can be assigned where they are needed within the department and the result will be a significant reduction in dead time.

—Department of Revenue—The validity of revenue estimates has been a continuing source of concern among state officials and legislators responsible for the production and adoption of a balanced budget as required by Montana law. In the past, various agencies and departments were involved in revenue estimation and the validity of these fragmented projections was subject to question. Under the Reorganization Act, responsibility for revenue estimation was centralized in the Department of Revenue. The department has applied modern analytical and statistical techniques to provide accurate projections of revenue from various tax sources. As a result collections as of June 1 were 98.89 per cent of the total estimated for the entire fiscal year. And if historical patterns prevail, collections will be 4 to 5 per cent in excess of the amount estimated for budgeting purposes.

—This level of accuracy implies that estimation techniques are accurate and assures that the budget adopted by the 43rd Legislature can be funded from existing revenue sources.

—Accuracy of revenue estimates is essential to avoid the necessity to impose the emergency 2 mill levy and there appears to be no need for

this measure in the current biennium. By working with reliable data the administration and legislature can produce a budget that does not penalize taxpayers through guess work, inaccurate estimation, special levies and supplemental appropriations.

—Income Tax—In January of 1973, the Department implemented a computerized income tax return processing system. This system has significantly reduced processing time for all categories of returns and has enabled the department to render taxpayers claiming refunds much more responsive service. Under the new system all returns were completed and mailed two months earlier than in any previous year. This system has also improved the auditing capabilities of the department and resulted in a \$120,000 reduction in unjustified returns.

—The purpose of this program is to process tax returns as quickly as possible and to assure that all refunds are justified.

—Corporation Tax—During the first six months of the year, the Corporation Tax Division completed six audits of large multi-state corporations with business operations in Montana. These audits resulted in additional corporation license tax collections in the amount of \$195,000 and increased net proceeds tax to counties in the amount of \$67,000. In addition, two audits conducted in conjunction with the Multi-state Tax Commission resulted in increased corporation license tax assessments of \$427,000 for the state involved. Four additional corporation license tax auditors have been hired by the department and it is anticipated that approximately 10 multi-state audits will be completed in the next six months.

—Property Valuation—The 1972 Constitution requires that all property be appraised, assessed and equalized by the state. The change from county to state assessment was implemented by the legislature through creation of the Property Valuation Division within the Department of Revenue. The Department assumed operation and expenses of the 106 county assessor and appraisal offices on July 1.

—Personnel of the Property Valuation Division delivered operating budgets to each office in June. During the next six months the Division will be working closely with state and local officials to establish uniform appraisal and assessment techniques throughout Mon-

tana. Once this program is complete, taxpayers will be assured of uniform treatment with regard to property appraisal and assessment, without respect to the county in which they reside.

—Department of Administration—The Department prepared and supported several bills that were subsequently approved by the legislature.

—SB 411 directs the Department of Administration to prepare a statewide classification and pay plan to standardize job titles and provide equitable pay for all State Government employees.

—SB 446 grants state and local government employees the right to bargain collectively on salaries, fringe benefits and working conditions. This bill establishes election procedures, defines unfair labor practices and creates a Board of Personnel Appeals.

—HB 18 implements the new constitution's requirement that the Board of Investments provide investment management service to local government if requested. The bill also authorizes the board to invest certain funds in common stocks.

—HB 200 and 548 liberalize and increase the retirement benefits to the Members of the Teachers and Public Employees Retirement Systems.

—Negotiations were completed with the federal government to acquire a free surplus computer for the Employment Security Division. The computer will be utilized to improve the capabilities of the Data Processing Bureau and will result in savings of approximately \$72,000 per year.

—For the fiscal year ending June 30, 1973, the investment earnings to the General Fund increased 124%, which amounted to \$3,381,231. This figure compares to the previous fiscal year investment earnings of \$1,507,755. The investment income to the General Fund is derived solely from the invested surplus treasury cash.

—Investments at par totalled \$82,815,000 as of June 30, 1973, compared to \$59,171,750 as of June 30, 1972. The substantial increase in investment earnings for the General Fund is attributed to higher interest rates and the efficient investment of surplus treasury funds.

—Division of Personnel—Governor Judge created a Division of Personnel which will coordinate job placement and classification and collective bargaining for public employees.

RESOURCE DEVELOPMENT AND ENVIRONMENT

—The development of the coal reserves buried beneath the prairies of eastern Montana is possibly the most controversial and critical issue confronting state government. The administration has made a concerted effort to assure that these resources are developed in accordance with our commitment to preserve the quality environment of Montana.

Surface Mine Land Reclamation

—Governor Judge proposed and the legislature approved the “strongest surface mine reclamation law in the history of this country”. This law is intended to restore lands disturbed by strip mining to beneficial use—agricultural and recreational. It will go beyond cosmetic reclamation to assure that our priceless land resources—the basis of our agricultural economy—are not destroyed.

—A Kentuckian, C. C. McCall, with extensive professional experience in restoration of strip mined lands, has been employed by the Department of State Lands as Administrator of the Reclamation Division. Rules and regulations to implement the reclamation laws will be promulgated in August following public hearings on July 19 and 20.

—The Energy Advisory Council is comprised of the heads of each department of state government concerned with coal development and directed by the Lt. Governor. The objective of the council is to assess the expected impact of coal development and to recommend policies that will enable the state to deal with adverse consequences. It will serve as a coordinating agency to assure that the capacities of state government are applied to this problem with optimum effect.

—The tax on coal was approximately tripled to provide Montanans with an appropriate return from the resource wealth that will be extracted from their state.

—A Resource Indemnity Trust Fund was created. This fund will raise approximately

\$1 million per year in assessments on non-renewable resources extracted in Montana. At the time \$100 million has been accumulated the annual proceeds and interest will be used to correct environmental degradation, develop recreational facilities and provide alternative employment opportunities for Montanans. This fund represents the people's share of the resource wealth taken from their state.

—The administration also presented a proposal to the federal government requesting in excess of \$7 million to conduct a comprehensive study of all consequences of coal development—environmental, economic and social.

Department of Natural Resources and Conservation

—Passage of the Montana Siting Act, a comprehensive measure called for by Governor Judge and ensuring that the location, construction and operation of power and energy facilities will produce minimal adverse effects on the environment and the residents of our State, necessitated a major restructuring of the Department. A new Division of Energy Planning has been created to conduct detailed studies and prepare recommendations to the Director and the Board of Natural Resources and Conservation concerning applications for Certificates of Environmental Compatibility and Public Need, to evaluate long-term plans required of utilities, and to monitor their operations. Staffing of this Division with a multidisciplinary team is in progress, one application for the reconstruction of a transmission line has received departmental approval, and a number of other applications, including those for construction of Colstrip Units #3 and #4 and for five transmission lines, are currently under intensive study. Through provisions for review of plans and participation in hearings on applications, the public will be fully informed and have a voice in decisions involving potentially tremendous impacts. As Governor Judge stated, "Consumer demands have extracted a terrible price from the land. And we cannot continue foolishly to meet these demands without regard for tomorrow." Realization of this objective will be aided by the Montana Utility Siting Act, for through its operation development may be contained to that level desired by the people and compatible with our State's capacity to assimilate such facilities.

—In his State of the State Address, Governor Judge also noted, with regard to the inordinate consumption of water by steam generation and coal gasification plants, “It is essential to consider this critical issue now and to establish and determine Montana’s rights to assure that water required for irrigation and recreation is not monopolized by industrial consumers.” In response, and in large part the product of departmental efforts, the Montana Water Use Act was passed substantially as introduced. To discharge departmental responsibilities, which include compilation of all data on water rights to be used by district courts in their determination of existing rights, a Water Rights Bureau has been established in the Division of Water Resources, rules and regulations have been adopted, and appropriate forms have been developed. Also, centralized records of all statewide water rights will be maintained in Helena, in addition to those kept in each county. Through such provisions water rights will achieve a certainty and legal status never before possible in Montana. Our State is now in a far better position to protect our water from encroachment and to ensure that our present and future needs for water will be met.

Department of Health and Environmental Sciences

—Regulations implementing the revised Subdivision Law will be presented at public hearings in the near future. These regulations will impose requirements pertaining to water supply and sewage disposal for subdivisions of ten acres or less.

—Revised water quality standards were presented at public hearings and should be adopted early in FY 1974. The standards will aid in attaining improved water quality.

—The state monitoring program for water quality has been expanded and should double in capacity through improved laboratory facilities and additional personnel.

—In cooperation with South Central Montana Development Federation — a ten-county area — funding was secured for a study to develop a regional solid waste program for that area.

—Solid Waste Management systems in the Western States were visited and observed by Department staff and city and county offi-

cials from four counties throughout the state. This was a most fruitful trip and provided inspiration and know-how for development of similar systems in Montana communities.

—Meetings were held to explain to feeder organizations and the general public the new state waste discharge permit program for confined animal feedings. The first permits were issued during this period.

—Burlington Northern and Milwaukee Railroad officials were receptive to the idea of establishing special rates for the shipment of junk cars.

—An up-date has been completed of the Implementation Plan Report to the Environmental Protection Agency including compliance schedules for "Sources not in compliance with Emission Regulations" and "Sources of Questionable Compliance."

—A Cooperative Smoke Management Plan Agreement has been revised in cooperation with U. S. Foresters. EPA will assist in coordinating efforts of surrounding states and Canada.

—A dust control program was started and specifications developed for street sanding material.

Department of Intergovernmental Relations

—The State Division of Planning and Economic Development is now cooperating with the U. S. Geological Survey and the National Aeronautics and Space Administration in the use of the Earth Resources Observation System (EROS). The purpose of the program is to test and utilize remote sensing techniques for resource inventory and management, and ultimately to apply these techniques in land use planning. The remote sensing technique uses aircraft and satellites to gather physical information using such devices as radar, television photography and thermal infra-red. Satellite remote sensing has the capability for rapid and detailed observation of Montana's surface. Currently Montana plans to use the EROS Program's Earth Resources Technology Satellite (ERTS) data to compile maps for state-wide land use planning. Potentially, maps might be compiled at a larger scale for multi-county or regional planning, using enlarged ERTS photos or high altitude aerial

photography. The information from the program will probably be used in the future to inventory and map important water and land resources throughout the state.

SOCIAL WELFARE

Department of Social and Rehabilitation Services

—Governor Judge recommended and the Legislature approved expanding Medicaid coverage to persons with income not more than one third above welfare standards. This program will provide Medicaid coverage for an additional 15,000 needy Montanans. It will also establish an incentive for people to escape the welfare system by allowing them to work without forfeiting medical benefits.

—All medical records have been computerized for prompt service at a saving to the taxpayers.

—Increased hospital coverage from 14 to 30 days in hospitals with approved utilization review.

—Increased prescription drug allowance from \$15 to \$35 a month for each individual and began charging recipients 50 cents for each prescription.

—Rehabilitative Services Division — Was awarded the Director's Citation from the Bureau of Disability Insurance, Social Security Administration for "sustained superior professional and administrative service in promoting more effective administration of the Social Security disability program in Montana."

—Aging Services Bureau funded the following projects:

- 7 nutrition projects
- 3 audiological screening testing programs
- 1 diabetic training program
- 1 physical fitness program
- 9 county councils on aging
- 4 senior citizen centers
- 3 training workshops

—SRS assisted in preparation of the Montana Youth Act which will be presented to the 1974 Legislature.

—Day Care Centers — Community Coordinated Child Care Program provides assistance to establish day care centers proposed by Governor Judge and authorized by the 43rd Legislative Assembly.

—Increased welfare standards approximately 6% across the board to meet the rising cost of living for welfare recipients.

—Increased food stamp standards, giving bonus to all food stamp recipients.

—In cooperation with the Veteran's Administration, made visits to the Blackfeet, North Cheyenne and Crow Indian Reservations to advise Indians of the veterans' services and benefits available to them.

—Strict screening procedures allow only those qualified individuals to receive assistance payments. The Department of Revenue now has the authority to investigate and prosecute welfare fraud, to assure that general assistance funds are not depleted by people who do not qualify.

TAXATION

Taxpayer's Budget

—The state budget for the next biennium is based on the reduction of the Income Tax Surcharge from 40 to 10 per cent — a saving to Montana taxpayers of \$34 million in the next two years. The average Montana family will receive \$148 in additional income as a result of the reduction. The \$34 million saved by the surcharge reduction will go directly into the economy rather than being preempted by the state tax collector. This should create an appreciable increase in all business activity in the state.

School Foundation Program

—Governor Judge suggested and the Legislature approved a proposal to increase the level of state assistance to education by five per cent in each of the next two years. This is the first time in the history of the state that a Governor has recommended higher schedules for the School Foundation Program and fully funded those increases. A total of \$26 million in additional aid to education was appropriated by the Legislature. This represents significant property tax relief.

—Because of Executive Reorganization, modern management procedures and economic expansion in Montana, there was an unencumbered general fund surplus of approximately \$10 million at the end of the biennium. This was a major factor in the taxpayer's budget.

—Governor Judge told the Montana Education Association Convention in February that a primary objective of his administration would be to develop recommendations to eliminate the inequities in the school foundation program and the funding methods that profoundly influence the quality of education in Montana.

—House Bill 428 was a result of these recommendations.

—This legislation makes four major changes in the state's public school funding structure and will result in property tax relief for 8 of every 10 Montanans.

—It requires each county to assess the basic 40 mill levy for support of the foundation program. If the levy produces more than is required to fund all foundation programs in the county, the surplus is remitted to a state earmarked revenue fund for redistribution to public schools through the equalization formula.

—If the legislature is not able to appropriate sufficient money to fully fund the foundation program, the deficiency, a county responsibility in the past, is funded by means of a state-wide property tax. Such a deficiency is not anticipated during the next biennium.

—Each district may levy 9 mills for elementary schools and 6 mills for high schools to support the permissive levy. If this does not produce the total permissive amount, the deficiency is paid by revenue raised by the state.

—These three changes in educational financing will accomplish a measurable increase in the general equitability of property taxation for public school support and significantly reduce some of the more pronounced disparities existing under the old structure.

—The final change made by House Bill 428 will establish a ceiling on the amount a district may increase its operation and maintenance budget from one year to the next. The bill specifies that annual general fund budget increase not exceed 7 per cent.

—The primary reason for this provision was to curtail the acceleration of expenditures for public education and slow the rate of increase in the property taxes required to support primary and secondary schools.

—The 1972 Montana Constitution requires that all property be appraised, assessed, and equalized by the State. The change from county to state assessment was implemented by the 43rd Legislative Assembly by creating the Property Valuation Division with the Department of Revenue. The Department has assumed the operation expenses of 106 county assessor and appraisal offices. Once this program is complete, taxpayers in Montana will be assured of uniform treatment with respect to property appraisal and assessment, regardless of the county in which they reside.

—The Department of Revenue has initiated a study of local government finance, aimed at property tax reform and alternate methods of funding local government.

TRANSPORTATION

—Port of Butte — The Department of Planning and Economic Development worked closely with local officials to establish a remote containerized freight station in Butte. This facility, affiliated with the Port of Seattle, will receive, process and distribute import shipments. In addition to the immediate economic benefits to Butte, the Port facility may result in significant freight rate reductions for Montana products by increasing the volume of rail transportation in the state. The Department of Planning is currently studying methods through which other sectors of our economy can benefit from the Port of Butte.

—The Department of Business Regulation has conducted surveys of petroleum distributors in the state to determine the availability of fuel in Montana. The department will continue to monitor the fuel situation in the state with the intention of preventing any unexpected shortages particularly at harvest time.

—Montana's highway construction program has been severely hampered by the Nixon Administration impoundment of \$45,000,000 in highway construction funds.

—During the period from January 1 through May 31, 1973, the Department of Highways has awarded approximately \$10,000,000 in highway construction contracts. During the same period the construction industry completed approximately \$13,000,000 worth of highway work.

—Since January 1, 1973 the Highway Department has purchased, under the billboard removal program, 3,895 signs. Of this total 3,370 have been removed.

—The Highway Department has prepared the final draft of Montana's Action Plan for Highway Planning and Design Procedures. The Action Plan is designed to assure full consideration of economic, social, and environmental effects of alternative courses of action and alternative project proposals in the development of highway obligation to inform all governmental agencies in all phases of the highway program and to inform and involve the public in the highway planning and design process.

—The Aeronautics Division conducted hearings in all of the 12 multi-county districts concerning the preliminary study of the Montana Statewide Airport Development plan which carries through to 1992. In addition to projections as to the growth of air travel throughout the state, the study indicates what each of the 118 airports in the state must do to meet the anticipated growth.

—The Aeronautics Division is involved in a number of various airport development projects. These projects include a new lighting project at West Yellowstone Airport, and preliminary engineering grants to Forsyth, Terry, Roundup, Havre and Hamilton. In addition, the Division provided technical assistance to more than 20 airports and loans totaling \$70,000 were made to Miles City and Livingston for airport construction. Nine communities also received technical assistance in constructing crash fire rescue facilities.

—The Highway Traffic Safety Division has developed a four year comprehensive plan for highway traffic safety. It was one of the first six plans approved by the National Highway Traffic Safety Administration and includes analysis and correction of the entire

spectrum of safety variables relating to ground based transportation.

—The Highway Traffic Safety Division has provided \$73,000 to the accident prevention unit of the Montana Highway Patrol in an effort to reduce fatal accidents.

—In the past six months the Highway Traffic Safety Division has awarded \$100,000 to Montana cities and counties for traffic safety.

—The Highway Traffic Safety Division has received a federal grant to teach defensive driving to persons who are members of either minority or poverty level groups. This driver education course will be at no charge to the students.

—The Department of Agriculture has developed a transportation program which is in the process of being implemented. This program will be beneficial to agricultural producers as well as anyone else interested in transportation.

—Governor Judge has ordered all state motor pool vehicles to cut back on speed, in an effort to conserve fuel and improve safety.

—The executive budget provided for the hiring of 22 additional Highway Patrolmen. This action is aimed at reducing the number of Montanans killed and injured in traffic accidents.



3 STATE PUBLISHING CO., HELENA, MONT.

